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September 6, 1994

CERTIFIED RETURN RECEIPT P 074 978 914

Mr. Andrew Edwards March Corporation 238 East 100 North Kanab, Utah 84741

Disturbed Area Assessment, March Corporation, Bald Knoll Mine, M/025/012, Re:

Kane County, Utah

Dear Mr. Edwards:

During the Division site inspection on June 29, 1994, of the Bald Knoll Mine, measurements of the disturbed area were performed. Excluding the newer access road, the measurements revealed the mine site area to be approximately 2.4 acres. The January 26, 1994 Division letter, states that you would not be held responsible for land disturbed before your operation began unless you reimpact or reuse it. The pits and surrounding work/staging areas were previously disturbed, but have now been redisturbed, and accordingly are considered affected land. Therefore, all redisturbed land surrounding the pits was measured.

The length of the more recently constructed/upgraded access road which crosses the private land (sections 16 & 21, T40S, R5W, SLBM), was measured with a vehicle odometer. The length is approximately one mile. Three random widths of this road were measured. The average of these road widths, 35 feet, was used for the disturbed area calculation. The amount of disturbed area for this road is roughly 4.2 acres. The combined surface disturbance for the Bald Knoll Mine and the access road is approximately 6.6 acres. This composite acreage would exceed the five acre limit for a small mining operation.

A recent examination of the permitting and correspondence files of the School and Institutional Trust Land Administration (SITLA), regarding the designated classification and categorization of the access road to the mine site (i.e., private or public ownership), indicates that there is some disagreement and confusion over that portion of the access road which crosses sections 21 and 16.



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The Division is not in a position to rule on the various positions taken by Kane County, the Attorney General's Office, SITLA, the lessee, or the surface land owner. You have informed us that the initial "footprint" and alignment, for the mile long section of recently upgraded mine access road, was originally "blazed" (created) prior to your acquition of a State mineral lease(s) and before the filing of any mining permits. You indicated that this road building action was performed by (or under the direction of), the surface land owner of the private property encompassing the mine area.

Because this portion of the access road has since been upgraded by you to accomodate your haul trucks, it is our position that the mine operator is responsible for reclaiming the upgraded expansion of this road. Therefore, we request that the existing Small Mining permit be amended to include a final reclamation provision/commitment to reduce the width of the upgraded access road down to its original (single track?) configuration.

We will assume that the original road width would have averaged @ 15 feet (including cut and fill). Subtracting this amount of area (@1.8 acres) out of the total disturbed area calculation for the road (@4.2 acres) yields a balance of 2.4 acres. This amount of road acreage added to the mine site disturbance, yields a total of 4.8 acres. Consequently, the small mining permit application would still be applicable for this mining operation at the present time. A subsequent expansion of the mine site area could push the size of the operation beyond the 5-acre threshold for a small mine permit. You are advised to conduct your operations accordingly.

To assist you in staying within your small mining notice category, we encourage you to perform contemporaneous reclamation of any mining-related disturbances (including access road cuts and fills) that are not absolutely required for continued operations.

As you know, the surface land owner may have input into the final disposition and reclamation of the access road across his property. The surface owner may wish to file a written request with this office that the road be left in its present unreclaimed state at the end of mining operations. Justification for leaving the road (i.e., a verifiable post-mining land use) must be included. The justification will be evaluated by this office for regulatory compliance and a written decision provided in response to our receipt of the request. The surface land owner may also provide input into the final revegetation seedmix recommendation that is prescribed for reclamation of the mine site disturbances.

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Please provide our office with a written response commiting to perform the required reclamation on that portion of the access road described above. This commitment will be used to amend the existing permit on file for the Bald Knoll shale project. We request your written response within two weeks of your receipt of this letter, or no later than September 23, 1994. Thank for your continued cooperation and assistance in completing this permitting action. Should you have questions or concerns in this regard, please contact me, or Travis Jones at (801) 538-5340.

Sincerely,

D. Wayne Hedberg Permit Supervisor

Minerals Regulatory Program

jb

CC:

John Blake, SITLA

Trevor Leach, surface owner

Todd Macfarlane, Kane County Attorney

Lowell Braxton, DOGM Minerals staff (route)

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